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United States General Accounting Office

Report to the Speaker and the Sergeant at Arms of the House of Representatives

November 1988

FINANCIAL AUDIT

House Office of the
Sergeant at Arms
Periods Ended 6-30-88
and 12-31-87



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Comptroller General
of the United States

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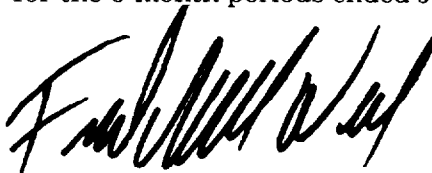
To the Speaker and the Sergeant at Arms
of the House of Representatives

In accordance with the act of July 26, 1949 (2 U.S.C. 81a), we have examined the balance sheets of the Office of the Sergeant at Arms, House of Representatives, as of June 30, 1988, and December 31, 1987, and the related statements of operations and changes in financial position for each of the 6-month periods then ended. Our examinations were made in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We completed our audit work on August 19, 1988.

In our opinion, the financial statements referred to above present fairly the financial position of the Office of the Sergeant at Arms as of June 30, 1988, and December 31, 1987, and the results of its operations and changes in financial position for the 6-month periods then ended, in conformity with generally accepted accounting principles and the financial accounting policies described in note 1 to the financial statements, applied on a consistent basis.

Our examinations were made for the purpose of forming an opinion on the basic financial statements taken as a whole. Supporting information on financial transactions of appropriated funds is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examinations of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report contains our report on internal accounting controls and compliance with laws and regulations. It also includes the Office's financial statements, schedule of financial transactions, and accompanying notes for the 6-month periods ended June 30, 1988, and December 31, 1987.

for 
Charles A. Bowshe
Comptroller General
of the United States

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Report on Internal Accounting Controls and Compliance With Laws and Regulations

We have examined the financial statements of the Office of the Sergeant at Arms, House of Representatives, for the 6-month periods ended June 30, 1988, and December 31, 1987. Our examinations were made in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures, including tests of compliance with laws and regulations, as we considered necessary in the circumstances. This report pertains only to our preliminary review of the system of internal accounting controls and our review of compliance with laws and regulations for the 6-month periods ended June 30, 1988, and December 31, 1987.

We did not complete a study and evaluation of the Office of the Sergeant at Arms' system of internal accounting controls for the purpose of determining the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the Office's financial statements. Based on our preliminary review, we concluded that it was more efficient to expand our substantive audit tests in examining the financial statements for the 6-month periods ended June 30, 1988, and December 31, 1987.

While we did not perform a complete study and evaluation of the Office's system of internal accounting controls, we did not become aware of any condition during our expanded substantive audit tests which we believe to be a material weakness.

As part of our examination, we also tested the Office's compliance with applicable laws and regulations. In our opinion, the Office of the Sergeant at Arms complied with the terms and provisions of laws and regulations for the transactions tested that could have materially affected its financial statements. Nothing came to our attention, in connection with our examination, that caused us to believe that the Office was not in compliance with the terms and provisions of laws and regulations for those transactions not tested.

Balance Sheet

	June 30, 1988	December 31, 1987
Assets		
Appropriated Funds		
Funds with U.S. Treasury	\$20,473,034	\$44,719,400
Deposit Fund		
Deposit fund cash		
Funds with U.S. Treasury	1,123,207	1,210,610
Cash on hand	151,645	179,008
Checks on hand (note 2)	245,808	0
Accounts receivable		
From Members (note 3)	137,021	231,109
Other	1,491	68
Total deposit fund	1,659,172	1,620,795
Total Assets	\$22,132,206	\$46,340,195
Liabilities and Government Equity		
Appropriated Funds		
Liabilities		
Salaries payable	\$3,791,945	\$3,977,521
Government equity		
Unobligated appropriations	16,681,089	40,741,879
Total appropriated funds	20,473,034	44,719,400
Deposit Fund		
Liabilities		
Accounts payable		
Members' deposits	1,659,172	1,620,795
Total deposit fund	1,659,172	1,620,795
Total Liabilities and Government Equity	\$22,132,206	\$46,340,195

The accompanying notes are an integral part of this statement.

Statement of Operations

Appropriated Funds

	6-Month periods ended	
	June 30, 1987	December 31, 1988
Funding Sources		
Appropriations expended	\$24,335,866	\$22,627,597
Collections and refunds	13,846	12,288
Total Funding Sources	\$24,349,712	\$22,639,885
Expenditures		
Salaries of Members	\$19,635,920	\$19,679,676
Government contributions		
Retirement	2,363,731	2,100,883
Social Security	1,473,004	98,895
Health insurance	347,291	271,907
Life insurance	41,350	41,460
Thrift savings plan	287,293	135,800
Total government contributions	\$4,512,669	\$2,648,945
Mileage of Members	97,763	1,195
Payments to widows, widowers, or heirs of deceased Members	89,500	152,500
Miscellaneous (note 4)	13,860	9,456
Unexpended appropriations returned to U.S. Treasury	0	148,113
Total Expenditures	\$24,349,712	\$22,639,885

Statement of Operations

Deposit Fund

	6-Month periods ended	
	June 30, 1988	December 31, 1987
Receipts		
Transfers from appropriated funds (Members' salaries, mileage, and state income tax)	\$10,594,675	\$10,780,318
Members' deposits	11,048,210	9,723,230
Sale of traveler's checks	151,350	231,253
Miscellaneous	0	1,316
Total Receipts	21,794,235	20,736,117
Disbursements		
Net payments to or for accounts of Members	\$20,896,483	\$19,849,057
State income tax withheld remitted to states	706,601	730,426
Payment for traveler's checks sold	151,350	231,253
Miscellaneous	1,423	1,384
Total Disbursements	21,755,857	20,812,120
Excess receipts (disbursements)	38,378	(76,003)
Deposit fund balance, beginning of period	1,620,795	1,696,798
Deposit Fund Balance, End of Period	\$1,659,173	\$1,620,795

The accompanying notes are an integral part of this statement.

Statement of Changes in Financial Position

	6-Month periods ended	
	June 30, 1988	December 31, 1987
Appropriated Funds		
Appropriated Funds Provided		
Increase in unobligated appropriations	\$0	\$33,933,353
Increase in salaries payable	0	201,550
Total funds provided	0	34,134,903
Appropriated Funds Applied		
Decrease in unobligated appropriations	24,060,790	0
Decrease in salaries payable	185,576	0
Total funds applied	24,246,366	0
Increase (Decrease) in Cash	\$(24,246,366)	\$34,134,903
Deposit Fund		
Deposit Funds Provided		
Net decrease in accounts receivable	\$92,665	\$0
Net increase in accounts payable	38,377	0
Total funds provided	131,042	0
Deposit Funds Applied		
Net increase in accounts receivable	0	127,213
Net decrease in accounts payable	0	76,003
Total funds applied	0	203,216
Increase (Decrease) in Cash	\$131,042	\$(203,216)

The accompanying notes are an integral part of this statement.

Schedule of Financial Transactions— Appropriated Funds

	6-Month periods ended	
	June 30, 1988	December 31, 1987
Appropriations		
Salaries	\$0	\$56,400,000
Mileage	0	210,000
Payments to widows, widowers, or heirs of deceased Members	89,500	152,500
Total appropriations	89,500	56,762,500
Collections and Refunds		
Mileage of Members	287	0
Miscellaneous (note 4)	13,559	12,288
Total appropriations, collections, and refunds	103,346	56,774,788
Expenditures		
Salaries		
Paid to Members		
By check	1,831,420	1,851,866
Transferred to deposit fund	9,802,345	10,048,697
Deductions from salaries		
Federal income tax	3,994,472	4,553,216
Social Security tax	1,473,004	98,895
State income tax	706,602	730,426
Retirement	397,458	1,171,545
Life insurance	82,699	82,921
Optional life insurance	123,241	116,103
Health insurance	204,727	159,850
U.S. Savings Bonds	17,100	17,100
Transfers to other organizations	444,230	423,095
Thrift savings plan	558,622	425,962
Total salaries	19,635,920	19,679,676

**Schedule of Financial Transactions—
Appropriated Funds**

	6-Month periods ended	
	June 30, 1988	December 31, 1987
Government contributions		
Retirement	2,363,731	2,100,883
Social Security	1,473,004	98,895
Health insurance	347,291	271,907
Life insurance	41,350	41,460
Thrift savings plan	287,293	135,800
Total government contributions	4,512,669	2,648,945
Mileage of Members		
Paid by check	12,035	0
Transferred to deposit fund	85,728	1,195
Total mileage	97,763	1,195
Payments to widows, widowers, or heirs of deceased Members	89,500	152,500
Miscellaneous (note 4)	13,860	9,456
Unexpended appropriations returned to the U.S. Treasury	0	148,113
Total expenditures	24,349,712	22,639,885
Excess of appropriations, collections, and refunds over expenditures (expenditures over appropriations, collections, and refunds)	(24,246,366)	34,134,903
Appropriated funds balance, beginning of period	44,719,400	10,584,497
Appropriated Funds Balance, End of Period	\$20,473,034	\$44,719,400

The accompanying notes are an integral part of this schedule.

Notes to Financial Statements and Schedule

Note 1. Significant Accounting Policies

The Sergeant at Arms, as a fiscal officer of the House of Representatives, disburses funds appropriated for (1) salaries of Members and related administrative expenses, (2) mileage of Members to and from each session of the Congress, and (3) payments to widows, widowers, or heirs of deceased Members. The Sergeant at Arms also operates for Members a deposit and checking function, commonly referred to as the "House bank," and is accountable for Members' funds on deposit in the bank.

Operating costs of the Office of the Sergeant at Arms, including salaries and related administrative expenses, equipment, space, building repairs and maintenance, utilities, and certain miscellaneous expenses, are paid from funds appropriated for salaries and expenses of the House of Representatives.

Appropriated funds are disbursed on the basis of monthly payroll vouchers covering salaries, related administrative expenses, and mileage of Members. The amounts due Members are either paid by check or, if Members request it, transferred to their credit in the deposit fund account established in the U.S. Treasury for this purpose. Members are paid on the first workday after the month in which the salary is earned. Accordingly, salaries payable represent Members' salaries and related administrative expenses for the last month of the period.

The deposit fund consists of the total of the individual accounts for the various Members who use the "House bank" facility. Members withdraw money from their accounts by presenting written orders for payment either directly to the Sergeant at Arms or through regular banking channels. Money in the deposit fund is used to cash checks for Members and employees of the House. Checks cashed which were drawn on other banks are deposited in the U.S. Treasury through a local bank on the next business day.

Other "House bank" operations consist of selling traveler's checks and assisting Members in making wire transfers and purchasing foreign currency, savings bonds, and cashier's checks.

Note 2. Checks on Hand

Checks on hand amounting to \$245,808 at June 30, 1988, represent checks drawn on other banks and cashed for Members and employees of the House on the last business day of the 6-month period, but not yet deposited with the U.S. Treasury. All checks had been deposited with the U.S. Treasury at December 31, 1987.

The check-cashing transactions for the 6-month periods ended June 30, 1988, and December 31, 1987, are summarized below.

Table 1: Check-Cashing Transactions

	6-Month periods ended	
	June 30, 1988	December 31, 1987
Checks on hand at beginning of period	\$0	\$217,313
Checks cashed	14,505,988	13,342,449
	14,505,988	13,559,762
Checks deposited with U.S. Treasury	14,260,180	13,559,762
Checks on hand at end of period	\$245,808	\$0

**Note 3. Accounts
Receivable From Members**

Amounts due from Members represent checks drawn on and cashed or paid by the Sergeant at Arms but not charged to the Members' accounts. Checks are held for reasons such as insufficient funds, missing signature, incorrect date, or a stop-payment order. The Sergeant at Arms monitors all such items daily, and no financial losses have occurred under these procedures.

**Note 4. Miscellaneous
Receipts and Expenditures**

Miscellaneous receipts and expenditures consist of two categories. The first category includes receipts from Members for their contributions to the retirement fund for military service after 1956 and the subsequent disbursement to the retirement fund. The second category includes expenditures for amounts for the replacement of checks reported as lost or stolen and the subsequent receipts for amounts credited by the U.S. Treasury when it has been determined that only one check will be cashed in each instance where a replacement check has been issued.

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